

EXECUTIVE CHAMBERS

HONOLULU

July 11, 2005

STATEMENT OF OBJECTIONS TO SENATE BILL NO. 1772

Honorable Members  
Twenty-Third Legislature  
State of Hawaii

Pursuant to Section 16 of Article III of the Constitution of the State of Hawaii, I am returning herewith, without my approval, Senate Bill No. 1772, entitled "A Bill for an Act Relating to Employers."

The purpose of this bill is to enable the State to determine which employers are improperly "shifting responsibility for providing health care coverage for their workers to taxpayers" by requiring applicants for medical assistance to identify their employer or the employer of the adult responsible for a proposed beneficiary's support. This bill requires the Department of Human Services (DHS) to annually identify employers who employ twenty-five or more beneficiaries of medical assistance programs administered by the DHS and specifically empowers the Director of Human Services to "make the annual report available to the public through any means the director deems appropriate."

This bill is objectionable because it will not accomplish the goal of identifying improper cost shifting by employers. There is no requirement that employers cover an employee's spouse or dependents and, therefore, tracking the number of dependents on medical assistance will not identify employers who are violating the law. Having employees or dependents on medical assistance is not improper or illegal unless employers are violating the Hawaii Prepaid Health Care Act or applicable minimum wage laws. The bill does not claim, nor do its provisions provide proof, that any of the suspect employers

are violating these employment laws.

Further, this bill subjects these employers to having their names publicly identified and disseminated. This action would unfairly stigmatize and cause public ridicule of employers who are actually complying with labor laws.

Moreover, the Department of Human Services currently incorporates policies in its administrative rules to reduce the likelihood of cost shifting by the private sector to the government. These policies include a prohibition on publicly funded health coverage of employees that qualify for their employer-sponsored health coverage.

Additionally, it should be noted that in February 2005 the Department of Labor and Industrial Relations introduced Administrative Initiative 2005-02, The Prepaid Health Care Act Compliance Assistance Program. The program involves investigations into non-compliance with the Prepaid Health Care Act by conducting on-site random visits to employers. This program is a more effective methodology of addressing potential non-compliance than the proposals contained in this bill.

Finally, this bill imposes new reporting burdens on employers, applicants, and current Medicaid beneficiaries, as well as imposes an additional administrative burden on the Department of Human Services, but contains no appropriation to cover that cost.

For the foregoing reasons, I am returning Senate Bill No. 1772 without my approval.

Respectfully,

LINDA LINGLE  
Governor of Hawaii